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Guy M. Hicks
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January 19, 2000
EXECUTIVE SECRETARY

REDACTED VERSION

VIA HAND DELIVERY

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37245

Re: *Tariff to Offer a Special Promotion for Business Customers Subscribing
to Exchange Lines with Hunting*
Docket No. 99-00936

Dear Mr. Waddell:

Please accept this letter in response to the questions posed in the letter from the Tennessee Regulatory Authority dated Sunday, January 16, 2000.

1. **Provide detailed cost studies demonstrating that the 40%, 60% and 80% discounts do not result in prices below the statutory price floor (T.C.A. §65-5-208). Include all supporting documentation and assumptions used in calculating the cost of the services.**

The largest discount from the tariffed hunting rates provided under this promotion is 80%. The lowest tariffed rate for business hunting in Tennessee is the \$18.38¹ per month paid by RegionServ customers in Rate Group 1. The lowest hunting rate that a customer can pay under the promotion, therefore, is \$3.68 per month.

Hunting clearly is a competitive service, and BellSouth has filed supporting documentation with various CSAs showing that the cost of hunting is \$(redacted) per month. See, e.g., Proprietary Cost Information supporting CSA TN98-2766-03 in Docket No. 99-00210. By comparison,

¹ The RegionServ rate in Rate Group 1 is \$24.50 per month. The tariffed rate for hunting is 75% of this rate, or \$18.38.

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the input adjustments to BellSouth's cost model ordered by the TRA in the UNE docket produce a \$0.0668 per month cost for hunting. At \$3.68 per month, therefore, even the lowest rate available under the promotion is well above the price floor applicable to the service.

2. **Is BST proposing to make this offering available in all BellSouth's Tennessee exchanges? If not, indicate the specific exchanges in which the offering will be available.**

As stated in the Brief BellSouth filed in this docket on January 18, 2000, this promotion is available to all customers who meet the qualifying criteria set out in the December 2, 1999 notification. Additionally, the contracts BellSouth filed with the Authority pursuant to the Protective Order entered in this docket were received from customers in all Rate Groups, demonstrating that BellSouth has made this promotion available in all of its exchanges.

3. **In Docket 96-01152, the BST/AT&T Arbitration, the arbitrators ordered that "all services provided by BellSouth, with the exception of short term promotions, as that term is defined below, should be, and hereby are, made available by BellSouth for resale to AT&T and MCI." (Second and Final Order of Arbitration Awards, page 14). The order goes on to define "short-term promotions" as "those promotions that are offered for a ninety day period or less, which are not offered on a consecutive basis." Does BST believe that it is required by the above referenced docket to make the proposed "promotional" offering available on a wholesale basis at approved wholesale discounts? Provide a detailed explanation and all relevant documents to support your response.**

As stated in the Brief BellSouth filed in this docket on January 18, 2000, this promotion is available for resale at wholesale rates.

4. **Mr. Howorth indicates in his December 15th letter that "our letter may not have clearly indicated the rates to which these discounts apply." He apologizes for the confusion and indicates that the discounts apply only to the rates for hunting. Are customers aware that this offering only applies to hunting or were they provided the same information as the TRA? Include**

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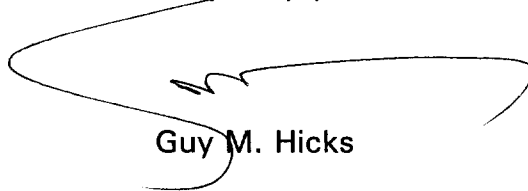
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necessary documents, i.e. sales brochures, advertisements, etc...to support your response.

As stated in the Brief BellSouth filed in this docket on January 18, 2000, the contracts BellSouth filed with the Authority pursuant to the Protective Order entered in this docket clearly inform customers that the promotional discounts apply to the regulated hunting services on a customer's business bill. See BellSouth Small Business Program Subscriber Agreement at ¶3.

Please let us know if you have any questions or comments. BellSouth will file an unredacted version of this letter as soon as the Protective Order is entered.

Very truly yours,

A handwritten signature in black ink, appearing to read "Guy M. Hicks", with a large, sweeping flourish extending to the left.

Guy M. Hicks

GMH/jem

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